

## Message Text

SECRET POSS DUPE

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14

ORIGIN NEA-12

INFO OCT-01 EB-11 ARA-11 ADP-00 SCEM-02 TRSE-00 INT-08

OEP-01 COME-00 CIAE-00 INR-09 NSAE-00 RSC-01 L-03

OMB-01 SS-14 NSC-10 AID-20 CIEP-02 PRS-01 USIA-12

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DRAFTED BY NEA/ IRN: JHROUSE: AP

3/23/73 20574

APPROVED BY NEA - MR. DAVIES

NEA/ IRN: MR. MIKLOS

EB/ ORF/ FSE - GBROWN ( DRAFT)

ARA/ NC - MFORRESTER ( DRAFT)

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R 240055 Z MAR 73

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS

INFO AMEMBASSY TEHRAN

AMEMBASSY LONDON

S E C R E T STATE 054756

E. O. 11652: GDS

TAGS: ENGR, IR, VE

SUBJ: EFFECT OF IRANIAN OIL SETTLEMENT ON VENEZUELA

REF: CARACAS 2447

1. WE HAVE REPEATED SEPARATELY TEHRAN 1835 WHICH IS LATEST REPORT ON STATE OF PLAY IN GOI- CONSORTIUM NEGOTIATIONS.

2. AT YOUR DISCRETION YOU MAY WISH TO POINT OUT LOCALLY AS APPROPRIATE THAT DESPITE TENOR OF PRESS REPORTS FROM TEHRAN, QUESTION OF NATIONALIZATION DOES NOT ARISE IN PRESENT SITUATION, NOR IS UNILATERALLY IMPOSED GOVERNMENT ACTION INVOLVED. AS RESULT OF 1951 OIL NATIONALIZATION GOI ALREADY OWNS OIL AND PRODUCTIVE ASSETS IN IRAN. AGREEMENT OF 1954 WITH CONSORTIUM WAS AT HEART SALES AND

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MANAGEMENT CONTRACT. FUTURE ARRANGEMENTS FOR GOI- CONSORTIUM RELATIONSHIP HAVE BEEN AGREED TO IN PRINCIPLE BY BOTH SIDES. DETAILS ARE STILL UNDER ACTIVE NEGOTIATION; TO OUR KNOWLEDGE NO MAJOR ISSUE HAS AS YET BEEN FULLY WORKED OUT. NEW ARRANGEMENT WILL BE LONG- TERM SALES CONTRACT GIVING COMPANIES ASSURED ACCESS TO IRANIAN OIL AT COST PLUS FEE EXPECTED TO BE FINANCIALLY EQUIVALENT TO PARTICIPATION AGREEMENT. ALSO INVOLVED IS REVISED MANAGEMENT ARRANGEMENT WHICH WILL INCREASE MANAGEMENT CONTROL GOI BUT RETAIN OPERATIONAL ROLE FOR CONSORTIUM. ( FYI: EXTENT OF COMPANY CONTROL IS MAJOR STICKING POINT IN NEGOTIATIONS. END FYI) CLAIMS BY IRANIAN LEADERS AND PRESS OF " COMPANY SURRENDER" AND " COMPLETION OF NATIONALIZATION" MUST BE VIEWED IN PROPER PERSPECTIVE. THEY REPRESENT EFFORT TO DEMONSTRATE AT HOME AND ABROAD THAT SHAH HAS STAYED OUT IN FRONT IN PROTECTING AND PROMOTING IRAN'S NATIONAL INTERESTS AND CANNOT BE ACCUSED OF EITHER A SELL- OUT TO COMPANY INTERESTS OR A " ME TOO" ACCEPTANCE OF ARAB LEADERSHIP IN OIL MATTERS THROUGH ACCEPTANCE OF PARTICIPATION. IRANIAN SETTLEMENT MIGHT FORM EXCUSE FOR VENEZUELAN NATIONALIZATION, BUT IT WOULD NOT IN OUR VIEW AMOUNT TO VALID JUSTIFICATION FOR IT. ROGERS

SECRET

\*\*\* Current Handling Restrictions \*\*\* n/a  
\*\*\* Current Classification \*\*\* SECRET

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**TAGS:** ENRG, IR, VE  
**To:** CARACAS  
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